

Message Text

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ACTION EB-08

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CIAE-00 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05
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TAGS: ENRG, CA, US

SUBJECT: NEB HEARINGS FOR TENNECO LNG PROJECT

REF: HALIFAX 328, HALIFAX A-22

1. CANADIAN NATIONAL ENERGY BOARD (NEB) WILL COMMENCE HEARINGS SEPT 27 IN SAINT JOHN, NEW BRUNSWICK ON LICENSE APPLICATIONS SUBMITTED BY: 1) TENNECO LNG INC. FOR IMPORTATION OF LIQUIFIED NATURAL GAS (LNG) AT LORNEVILLE NEAR SAINT JOHN, N.B. AND EXPORTATION OF NATURAL GAS VIA PIPELINE THRU NEW BRUNSWICK TO CANADIAN/U S BORDER AT ST STEPHEN, N B/CALAIS, ME., 2) CANADIAN LOWELL GAS LTD FOR IMPORTATION OF LNG AT LORNEVILLE, EXPORTATION OF LNG THRU ST STEPHEN, AND REIMPORTATION OF NATURAL GAS THRU NIAGARA FALLS, NY, AND 3) TRANSCANADA PIPELINES (NEW BRUNSWICK) LTD AND LORNETERM LNG LTD FOR CERTIFICATES TO CONSTRUCT AND OPERATE NATURAL GAS PIPELINE FROM LORNEVILLE TO ST STEPHEN AND FOR LNG TERMINAL AT LORNEVILLE. RESPONDENTS AND INTERVENORS MUST FILE STATEMENTS WITH NEB SECRETARY ON OR BEFORE SEPT 9.

2. N B DEPT OF COMMERCE AND INDUSTRY SOURCE TOLD CONOFF THAT LORNETERM LNG LTD., WHICH UNDER CANADIAN PACIFIC OWNERSHIP WITHDREW FROM LNG PROJECT (SEE REFTTEL), HAS UNCLASSIFIED

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NOW BEEN PURCHASED BY TENNECO AND WILL AGAIN BE PART OF PROJECT. SOURCE SAID THAT GOBT OF N B STRONGLY BEHIND TENNECO PROJECT - PROVINCE PREMIER AND DELEGATION WERE IN WASHINGTON TO SUPPORT PROJECT WITH FPC AND HAVE PUSHED PROJECT WITH OTTAWA. N B COMMERCE AND INDUSTRY MINISTER GERALD MERRITHEW HAS BEEN QUOTED IN PRESS AS SAYING LORNEVILLE LNG PROJECT "IS PERHAPS THE BEST PUBLICLY-

SUPPORTED PROJECT EVER PLANNED FOR THIS PROVINCE". HE SAID NUMBER OF INTERVENORS AT NEB HEARING WHO FAVOR PROJECT WILL BE "STAGGERING". EVERY MAJOR UNION IN SAINT JOHN AREA, SAINT JOHN BOARD OF TRADE, PORT INDUSTRIAL COMMISSION, AND CITY OF SAINT JOHN ARE FULLY IN FAVOR OF PROJECT. MERRITHEW SAID N B AUTHORIZATIONS FOR PROJECT WILL BE EXPEDITED. COMMERCE AND INDUSTRY SOURCE TOLD CONOFF THAT TENNECO IS MEETING ALL ENVIRONMENTAL REQUIREMENTS AND THAT HE FORSEES NO RPT NO PROBLEMS IN PROVINCIAL APPROVAL OF PROJECT.

3. CONTINUED APPLICATION OF CANADIAN LOWELL GAS LTD. BEFORE NEB IS SOMEWHAT OF MYSTERY. CANADIAN LOWELL WITHDREW FROM TENNECO PROJECT IN MAY, UNABLE TO MEET NECESSARY FINANCIAL REQUIREMENTS TO STAY IN. CANADIAN LOWELL GAS TO SELL - - IT IS NOT CLEAR WHY COMPANY HAS NOT WITHDRAWN APPLICATION FROM NEB. COMMERCE AND INDUSTRY SOURCE SPECULATED TO CONOFF THAT REASON FOR CONTINUED APPLICATION MAY BE TIED TO COMPANY'S RELATIONSHIPS WITH UNION GAS OF ONTARIO AND ALBERTA GAS TRUNKLINE. THOSE FIRMS ARE RUMORED TO HAVE TALKED WITH NOVA SCOTIA ABOUT POSSIBLE LNG TERMINAL AT AND PIPELINE FROM CANSO STRAIT, NOVA SCOTIA. NEW BRUNSWICK SOURCE THINKS CONTINUED APPLICATION BY CANADIAN LOWELL MAY BE IN SPOILER ROLE.

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RM PROVINCE OF NEW BRUNSWICK IS VERY KEEN ON SEEING TENNECO LNG PROJECT APPROVED. PROVINCE STANDS TO GAIN HUNDREDS OF JOBS AND LARGE AMOUNTS IN LOCAL PURCHASES FROM PROJECT. ATTEMPTS BY NOVA SCOTIA TO WREST NATURAL GAS TERMINAL AND PIPELINE AWAY FROM NEW BRUNSWICK ARE "NOT APPRECIATED" ACCORDING TO MERRITHEW.

5. COMMENT: NEW BRUNSWICK SOURCES ARE COUNTING ON NEB AND U S FPC APPROVAL OF TENNECO LNG PROJECT BY DECEMBER, 1977 AND COMMENCEMENT OF WORK ON PROJECT BY SPRING, 1978. TENNECO IS UNDER HEAVY PRESSURE FROM ALGERIANS TO BEGIN MOVING THE GAS CONTRACTED FOR. SHOULD NEB AND FPC NOT APPROVE PROJECT, NEW BRUNSWICK S PLANS FOR DEVELOPMENT WILL RECEIVE A SERIOUS SETBACK. AYLING

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